



A State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

June 5, 2008

Alex McKay, Owner
Arma Design, Inc.
6255 Ferris Square
San Diego, CA 92121
Dear Mr. Silvestri:

RE: Final MONITORING VISIT REPORT for Arma Design Retraining SB
ET07-0123

Date of the Visit:	5/9/08
Beginning/Ending Time:	9:30am – 12:00pm
Date of Last Visit:	3/14/08
Visit Location:	San Diego, California
Persons in attendance:	Alex McKay, Owner, Arma Design, Inc. (Arma); Lori Petty, HR Manager, Arma; and Suzanne Godin, ETP Contract Specialist
Action Required:	No

CONTRACT INFORMATION:

Term of Agreement:	8/7/06-8/6/08	Agreement Amount:	\$23,868
Training Start Date:	10/6/06	No. to Retain:	20
Date Training must be Completed:	5/06/08	Range of Hours:	8-60
Type of Trainee:	Retrainee	Weighted Ave. Hours:	55

SACRAMENTO CENTRAL OFFICE
1100 J Street, 4th Floor
SACRAMENTO, CA 95814
(916) 327-5640

N. HOLLYWOOD REGIONAL OFFICE
4640 Lankershim Blvd., Suite 311
NORTH HOLLYWOOD, CA 91602
(818) 755-1313

S.F. BAY AREA REGIONAL OFFICE
1065 East Hillsdale Blvd, Suite 415
FOSTER CITY, CA 94404
(650) 655-6930

SAN DIEGO REGIONAL OFFICE
5353 Mission Center Road, Suite 110
SAN DIEGO, CA 92108
(619) 686-1920

www.etp.ca.gov
ETP (04/15/05)

FINAL REPORT SUMMARY:

AGREEMENT HISTORY

The agreement was approved at the July 2006 Panel Meeting and was executed on 9/7/06. Training began on 10/06/06. Ms. Petty reported that all training was completed on 4/2/08, which allows for the 90-day retention period to be completed within the Agreement's term. ETP approved two revisions to Arma's Agreement: a technical correction to change the hourly reimbursement rate from \$22.00 per hour to \$26.00 per hour; and an Amendment to extend the term of the Agreement by twelve months.

INTERVIEW WITH THE CONTRACT SIGNATORY: ALEX MCKAY, OWNER & CEO

You stated that balancing the needs of production and training was difficult for your small business which resulted in the delivery of less training than originally planned for. You also stated that ETP training had initially been marketed to you by a third party agent/consultant as a way to get free training, which resulted in developing a training plan with more training hours than what was realistic for your small company.

In spite of these challenges, you reported that the ETP-funded training had been a positive experience and that without the assistance of ETP, Arma would not have been able to provide any formal, structured training. The computer skills training has given staff the skills to generate detailed spreadsheets used for production and inventory control. The power point skills training enabled your sales team to create a power point presentation for use as a marketing tool. As a result of the continuous improvement skills training, Arma has begun to develop and implement standard operating procedures. Your employees have begun to function as a team and have a better understanding of and respect for each other's jobs and how one individual's performance (or lack of) affects the rest of the company.

Both you and Ms. Petty added that the deadlines imposed by ETP had a positive effect on Arma as it forced the company to make time commitments to the training. Arma plans to return to ETP for a second project which will focus on training in Arma's proprietary software (MP Lab), Computer Aided Design (Solid Works), production processes and quality improvement.

Lastly, Ms. Petty reported that the ETP on-line record keeping system was extremely user friendly and that Ms. Godin was always available to provide technical assistance when necessary.

DISCUSSION OF PROJECTED EARNINGS:

Ms. Petty provided Ms. Godin with projected statistics for the closeout of the Agreement. According to Arma's records at the time of this final meeting, Arma expected to retain a total of 13 trainees (72 percent of planned retentions) who will complete the specified range of class/lab hours (8-60) and retention period. Arma tracked 232 eligible hours on the ETP class/lab tracking system for the aforementioned 13 trainees. Therefore, Arma is eligible to earn \$6,032 (25 percent of the encumbered amount) if all other agreement conditions are met. As of the date of this report, Arma had received \$4,603 in progress payments.

Ms. Godin reminded Ms. Petty that the closeout invoice should be submitted no later than 30 days after the end term date of the Agreement, which is 8/06/08. If Ms. Petty is unable to

submit the closeout invoice by that date, a request for an extension must be submitted to ETP's Fiscal Unit Manager, Kulbir Mayall.

PROJECT STATUS PROVIDED BY THE CONTRACTOR:

Trainees Started Training:	16	Completed Training:	13
Trainees Enrolled:	23	Completed Retention:	5
Dropped Following Enrollment:	7	In Retention Period:	8
No. Completed Minimum Reimbursable Hours :	13		

TRAINING STATUS:

The statistical data submitted by Ms. Petty during this visit, as detailed above, agreed with the information contained on ETP's Trainee Status Report.

ATTENDANCE ROSTERS:

Attendance Rosters reviewed:	10/19/07-4/2/08	Rosters reviewed contained all the required information per Title 22, California Code of Regulations, Section 4442.	YES
-------------------------------------	------------------------	--	------------

INVOICES:

Ms. Godin assisted Ms. Petty in the submission of Invoice #2 for Progress Payment 2 (completion of training) for 5 trainees; and Invoice #3 (final payment) for the same 5 trainees. The analyst performed a 100 percent review of class/lab training hours for the five trainees appearing on Invoice #2 and #3 in order to validate the hours for those trainees before submittal of the invoice.

AUDIT:

You will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone if selected for a desk audit (or "review"). These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor. A list of the documentation typically examined during an audit will be included along with the Audit Notification and Audit Confirmation letters. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable.

Listed below are types of records typically requested during an ETP field audit:

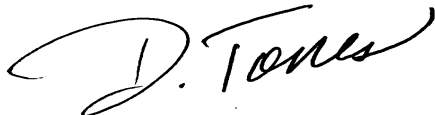
- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION:

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding this report, please contact Suzanne Godin at (619) 686-1918 or at sgodin@etp.ca.gov within ten (10) working days from the receipt date of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Torres".

Diana Torres, Manager
San Diego Regional Office

A handwritten signature in black ink, appearing to read "SMB".

Suzanne Godin, Contract Analyst
San Diego Field Office

cc: Amber Luiz, Assistant Director
Kulbir Mayall, Fiscal Manager
Master File
Project File